

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Auditing Procedures Report V1.04

Issued under Public Act 2 of 1968, as amended.

Unit Name	NORTHEAST INGHAM EMERGENCY SERV	County	INGHAM	Type	AUTHORITY	MuniCode	33-7-520
Opinion Date-Use Calendar	JUNE 30, 2008	Audit Submitted-Use Calendar	JULY 3, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- ☒ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ 5. Did the local unit adopt a budget for all required funds?
- ☒ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 876,956.00
General Fund Expenditure:	\$ 766,005.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 325,315.00
Governmental Activities Long-Term Debt (see instructions):	\$ 4,122,398.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	DAVID	Last Name	HADDRILL	Ten Digit License Number			1101008099		
CPA Street Address	834 N CAPITOL AVE	City	LANSING	State	MI	Zip Code	48906-5114	Telephone	+1 (517) 484-4200
CPA Firm Name	DAVID E HADDRILL, PC	Unit's Street Address	1296 W GRAND RIVER	City	WILLIAMSTON	LU Zip	48895		

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David E. Haddrill, P.C.
Certified Public Accountant

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June 30, 2008

Board Members
Northeast Ingham Emergency Service Authority

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ingham Emergency Service Authority as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility Northeast Ingham Emergency Service Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ingham Emergency Service Authority as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Ingham Emergency Service Authority basic financial statements. The statements of revenues, expenditures and changes in fund balance, and the General Fund Schedule of Revenues and Schedule of Appropriations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David E. Haddrill
Certified Public Accountant

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Board of Northeast Ingham Emergency Service Authority, we offer readers of the authority's financial statements this narrative overview and analysis of the financial activities of Northeast Ingham Emergency Service Authority for the fiscal year December 31, 2007.

Financial Highlights

The assets of Northeast Ingham Emergency Service Authority exceeded its liabilities at December 31, 2007 by \$2,076,426 (net assets). Of this amount, \$325,315 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Northeast Ingham Emergency Service Authority's governmental funds reported combined ending fund balances of \$2,346,827, an increase of \$2,132,463 in comparison with the prior year. Of the total amount, \$2,021,512 is available in the Authority's Building/Equipment and Capital Projects Funds for the acquisition of, or payment of debt related to, capital assets.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$325,315, or 42 percent of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Northeast Ingham Emergency Service Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The statement of activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report the functions of the Authority, which are principally supported by taxes and service fees (governmental activities). The governmental activity of the Authority is public safety.

The government-wide financial statements can be found on pages 6 and 7 of this report

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Northeast Ingham Emergency Service Authority, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the authority are governmental funds.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental fund financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Northeast Ingham Emergency Service Authority maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Building/Equipment Fund and Capital Projects Fund

The Authority adopts an annual appropriated budget for its three funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-14 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Northeast Ingham Emergency Service Authority, assets exceeded liabilities by \$2,076,426 at the close of the most recent fiscal year. The following provides a summary of the Authority's net assets at December 31:

AUTHORITY'S NET ASSETS

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 2 484 745	\$ 242 962
Capital assets	<u>3 851 997</u>	<u>1 566 175</u>
Total assets	<u>6 336 742</u>	<u>1 809 137</u>
Current liabilities	374 650	69 515
Long-term debt	<u>3 885 666</u>	<u>122 398</u>
Total liabilities	<u>4 260 316</u>	<u>191 913</u>
Net assets		
Invested in capital assets	1 751 111	1 402 860
Unrestricted	<u>325 315</u>	<u>214 364</u>
Total net assets	<u>\$ 2 076 426</u>	<u>\$ 1 617 224</u>

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Of the Authority's net assets, \$325,315 may be used to meet the Authority's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental activities.

The Authority's net assets increased by \$459,202 during the current fiscal year as discussed below.

Except for capital outlays, increases in expenses closely paralleled inflation and growth in the demand for services.

The following provides a summary of the Authority's changes in net assets for the year ended December 31:

SUMMARY OF CHANGES IN NET ASSETS

	2007	2006
REVENUES		
Program revenues		
Charges for services	\$ 148 499	\$ 170 982
General revenues		
Property taxes	1 137 835	628 459
Interest income	103 986	15 739
Other	5 018	1 711
Total revenues	1 395 338	816 891
EXPENSES		
Public safety	818 754	766 486
Interest on installment loans	117 382	14 665
Total expenses	936 136	781 151
Change in net assets	459 202	35 740
Net assets, at beginning of year	1 617 224	1 581 484
Net assets, at end of year	\$ 2 076 426	\$ 1 617 224

Financial Analysis of the Authority's Funds

As noted earlier, the Authority used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the authority's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balances may serve as a useful measure of an Authority's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$2,346,827, an increase of \$2,132,463 in comparison with the prior year. All of this amount constitutes unreserved fund balance, which is available for spending at the Authority's discretion.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The general fund is the operating fund of the Authority. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$325,315. Unreserved fund balance represents 42 percent of the total general fund expenditures.

The fund balance of the Authority's general fund increased by \$110,951 during the current fiscal year.

General Fund Budgetary Highlights

There were no changes from the original total budget to the final total budget.

Capital Asset and Debt Administration

Capital Assets. The authority's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$1,751,111 (net of accumulated depreciation). This investment in capital assets includes: land, building and equipment. The total increase in the Authority's investment in capital assets for the current fiscal year was 25 percent. Details of the Authority's capital assets are continued in the notes to the financial statements on page 12.

Long-Term Debt. At the end of the current fiscal year, the Authority had installment debt outstanding of \$4,122,398. The debt is secured by the full faith and credit of the Authority. Additional information on the Authority's long-term debt can be found in the notes on page 13.

Economic Factors and Next Year's Budget and Rates

The Authority's millage rate was reduced again by the Headlee Amendment rollback. This factor was considered in preparing the Authority's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$325,315. The Authority has presented budgets in the 2008 fiscal year that appropriate unreserved fund balance of \$51,223 in its Building/Equipment Fund and \$277,800 in its Capital Projects Fund.

Request for Information

This financial report is designed to provide a general overview of Northeast Ingham Emergency Service Authority's finances for all those with an interest in the authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Northeast Ingham Emergency Service Authority at (517) 655-1383.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	<u>Governmental activities</u>
<u>ASSETS</u>	
Cash	\$ 2 049 635
Certificate of deposit	170 816
Accounts receivable	68 110
Prepaid expenses	<u>196 184</u>
Total current assets	2 484 745
Capital assets - net	<u>3 851 997</u>
Total assets	<u>6 336 742</u>
<u>LIABILITIES</u>	
Accounts payable	86 177
Accrued payroll	33 312
Deferred revenue	18 429
Installment loans, current	<u>236 732</u>
Total current liabilities	374 650
Installment loan, non-current	<u>3 885 666</u>
Total liabilities	<u>4 260 316</u>
<u>NET ASSETS</u>	
Invested in capital assets	1 751 111
Unrestricted	<u>325 315</u>
Total net assets	<u>\$ 2 076 426</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Charges for services	Net expense (revenue)
Primary government			
Public safety	\$ 818 754	\$ 148 499	\$ 670 255
Interest on installment loan	<u>117 382</u>		<u>117 382</u>
Total governmental activities	<u>\$ 936 136</u>	<u>\$ 148 499</u>	<u>787 637</u>
General revenue			
Property taxes			1 137 835
Other			5 018
Interest income			<u>103 986</u>
Total general revenue			<u>1 246 839</u>
Change in net assets			459 202
Net assets, at beginning of year			<u>1 617 224</u>
Net assets, at end of year			<u>\$ 2 076 426</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	General Fund	Building/ Equipment Fund	Capital Projects Fund	Total Government Funds
<u>ASSETS</u>				
Cash	\$ 275 146	\$ 30 314	\$ 1 744 175	\$ 2 049 635
Certificate of deposit	70 684	100 132		170 816
Receivables	68 110			68 110
Due from other funds	39 899			39 899
Prepaid expenses	9 394	178 790	8 000	196 184
Total assets	<u>463 233</u>	<u>309 236</u>	<u>1 752 175</u>	<u>2 524 644</u>
<u>LIABILITIES</u>				
Accounts payable	86 177			86 177
Accrued payroll	33 312			33 312
Due to other funds		7 703	32 196	39 899
Deferred revenue	18 429			18 429
Total liabilities	<u>137 918</u>	<u>7 703</u>	<u>32 196</u>	<u>177 817</u>
<u>FUND BALANCE</u>				
Unreserved				
Undesignated	325 315	250 310	1 442 179	2 017 804
Designated for subsequent years expenditures		51 223	277 800	329 023
Total fund balances	<u>\$ 325 315</u>	<u>\$ 301 533</u>	<u>\$ 1 719 979</u>	<u>2 346 827</u>

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets of \$4,888,417, net of accumulated depreciation of \$1,036,420 are not financial resources and are not reported in the funds	3 851 997
Installment debt is not due and payable in the current period and is not reported in the funds	<u>(4 122 398)</u>
Net assets of governmental activities	<u>\$ 2 076 426</u>

Net assets of governmental activities

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	General Fund	Building/ Equipment Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 705 925	\$ 431 910	\$	\$ 1 137 835
Charges for services	148 499			148 499
Other	5 018			5 018
Interest	17 514	9 201	77 271	103 986
Total revenues	876 956	441 111	77 271	1 395 338
EXPENDITURES				
Public safety	766 005	86 127	2 252 444	3 104 576
Debt service		53 451	104 848	158 299
Total expenditures	766 005	139 578	2 357 292	3 262 875
Excess(deficiency) of revenues over expenditures	110 951	301 533	(2 280 021)	(1 867 537)
OTHER FINANCING SOURCES				
Loan proceeds			4 000 000	4 000 000
Excess of revenues and other source over expenditures	110 951	301 533	1 719 979	2 132 463
FUND BALANCE, at beginning of year	214 364			214 364
FUND BALANCE, at end of year	\$ 325 315	\$ 301 533	\$ 1 719 979	\$ 2 346 827

Excess(deficiency) of revenues and other source over expenditures \$ 2 132 463

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. Current period capital acquisitions of \$2,416,278 exceeded depreciation expense of \$130,456.

2 285 822

Loan proceeds are not reported as financing sources on the statement of activities.

(4 000 000)

Repayment of loan principal is an expenditure in the governmental funds,
but not in the statement of activities (where they reduce long-term debt).

40 917

Change in net assets of governmental activities

\$ 459 202

See accompanying notes to financial statements

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northeast Ingham Emergency Service Authority was formed on July 1, 1998, by the City of Williamston, the Townships of Williamstown, Wheatfield, Locke and Leroy, and the Village of Webberville. Becoming operational on January 1, 1999, the Authority provides fire, ambulance, and related emergency services in the area encompassed by the incorporating units of government. It has the power to acquire and own property, enter into contracts, and, with voter approval, levy property taxes. Each incorporating municipality has one voting member on the governing board of the Authority.

The initial assets and liabilities of the Authority were those transferred from the Williamston Community Fire Board, which dissolved on December 31, 1998. The members of the Fire Board were the City of Williamston, Township of Williamstown and Township of Wheatfield.

The accounting policies of the Northeast Ingham Emergency Service Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements present the authority with no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Northeast Ingham Emergency Service Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Northeast Ingham Emergency Service Authority property tax is levied on December 1 on the taxable valuation of property (as defined by State statutes) located in Northeast Ingham Emergency Service Authority's service area as of the preceding December 31. It is Northeast Ingham Emergency Service Authority's policy to recognize revenue from the current tax levy in the succeeding year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (90 days).

The Government reports the following major governmental funds:

The General Fund is the government's main operating fund. It accounts for all financial resources of the general government. The Building/Equipment Fund accounts for the .75 mill levied for the acquisition and debt service of capital assets. The Capital Projects Fund accounts for the loan proceeds and construction, acquisition and debt service of capital assets

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include charges to customers or applicants for goods, services or privileges provided. General revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the proceeding December 31. Taxes are considered delinquent on February 14 of the following year and are turned over to Ingham County for collection after February 28.

Capital Assets - Capital assets, which include property and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	20 years
Vehicles	20 years
Equipment	10 years
Computer equipment	5 years

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. By state law, expenditures may not exceed budgeted amounts and a fund deficit may not be budgeted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. All budget amendments are approved by the Authority Board.

(3) CASH DEPOSITS

All of the Authority's funds are received by the Authority Treasurer and deposited with institutions approved by the Authority Board. At December 31, 2007, the Authority had \$2,220,451 on deposit at two local banks of which \$200,000 was covered by FDIC insurance.

(4) CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 360 855	\$	\$	\$ 360 855
Capital assets being depreciated				
Buildings	156 414	2 338 571		2 494 985
Equipment	1 954 870	77 707		2 032 577
Subtotal	2 111 284	2 416 278		4 527 562
Less accumulated depreciation for				
Buildings	30 891	8 599		39 490
Equipment	875 073	121 857		996 930
Subtotal	905 964	130 456		1 036 420
Net capital assets being depreciated	1 205 320	2 285 822		3 491 142
Governmental activities capital total				
Capital assets - net of depreciation	\$ 1 566 175	\$ 2 285 822	\$	\$ 3 851 997

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities - General government \$ 130 456

(5) LONG-TERM DEBT

At year end the Authority had an outstanding installment debt of \$4 122 398. Debt on a fire vehicle totals \$122,398 with annual payments of \$53,451 including interest at 5.49 percent through 2010. Debt to fund construction of the emergency service building and other capital projects totals \$4,000,000 with annual payments ranging from \$378,000 to \$382,500 including interest at 4.79 percent through 2022. Annual debt service requirements to maturity are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 236 732	\$ 198 320
2009	249 297	186 653
2010	231 369	174 367
2011	215 000	163 100
2012	225 000	152 801
2013-2017	1 310 000	590 128
2018-2022	<u>1 655 000</u>	<u>245 488</u>
	<u>\$ 4 122 398</u>	<u>\$ 1 710 857</u>

(6) RISK MANAGEMENT

Northeast Ingham Emergency Service Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). Northeast Ingham Emergency Service Authority has purchased commercial insurance for property, liability, wrongful acts, crime inland marine and other risks of loss including workers' compensation and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

(7) SPECIAL MILLAGE

In August 2006, voters approved a special millage that provides .75 mill to be assessed for a fifteen year period from December 2006 through 2020. The millage is to acquire or improve capital assets and for paying the leasing and financing costs thereof. First year revenue for this millage approximated \$432,000 and was accounted for in the Building/Equipment Fund.

(8) NEW FACILITY

In May 2007, construction began on a new emergency service building located in Williamston, Michigan. This facility has housed the Authority's main office, the Williamston Fire Department and the Authority's ambulance service since December 2007. This project, and possible other improvements, is being financed by a \$4,000,000 commercial loan with a local bank. The loan is to be paid off over a 15 year period commencing November 2008 including interest at 4.79 percent for the first five years changing to a .5 percent over comparable 5 year Treasury until maturity.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

(9) ACQUISITION OF FACILITY AND EQUIPMENT

The Authority is nearing completion of negotiations for acquisition of land, buildings, vehicles and equipment owned by Leroy Township. The estimated \$390,000 acquisition price and improvements to the buildings will be paid for by the Authority's Capital Projects Fund.

(10) SALE OF OLD WILLIAMSTON FACILITY

The Authority and the City of Williamston are nearing completion of negotiations for the sale of the old Williamston facility. The estimate sale price of \$190,000, net of selling costs, will be split equally between the Authority and the City.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
REVENUES	\$ 915 592	\$ 915 592	\$ 876 956
EXPENDITURES			
Public safety	<u>915 592</u>	<u>915 592</u>	<u>766 005</u>
Excess of revenues over expenditures			110 951
FUND BALANCE, at beginning of year	<u>214 364</u>	<u>214 364</u>	<u>214 364</u>
FUND BALANCE, at end of year	<u>\$ 214 364</u>	<u>\$ 214 364</u>	<u>\$ 325 315</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

BUILDING/EQUIPMENT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
REVENUES			
Property taxes	\$ 431 857	\$ 431 857	\$ 431 910
Interest income			9 201
Total revenues	<u>431 857</u>	<u>431 857</u>	<u>441 111</u>
EXPENDITURES			
Public safety - capital outlay	377 857	377 857	86 127
Debt service	<u>54 000</u>	<u>54 000</u>	<u>53 451</u>
Total expenditures	<u>431 857</u>	<u>431 857</u>	<u>139 578</u>
Excess of revenues over expenditures			301 533
FUND BALANCE, at beginning of year	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, at end of year	<u>\$ </u>	<u>\$ </u>	<u>\$ 301 533</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

CAPITAL PROJECTS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
REVENUES			
Interest income	\$	\$	\$ 77 271
Total revenues			
EXPENDITURES			
Public Safety - fire capital outlay		2 500 000	2 252 444
Debt service		105 000	104 848
Total expenditures		2 605 000	2 357 292
Excess(deficiency) of revenues over expenditures		(2 605 000)	(2 280 021)
OTHER FINANCING SOURCE			
Loan proceeds		4 000 000	4 000 000
Excess of revenues and other source over expenditures		1 395 000	1 719 979
FUND BALANCE, at beginning of year			
FUND BALANCE, at end of year	\$	\$ 1 395 000	\$ 1 719 979

ADDITIONAL INFORMATION

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2007

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>
REVENUES			
Taxes - operating	\$ 680 592	\$ 680 592	\$ 705 925
Charges for services	220 000	220 000	148 499
Other			5 018
Interest income	<u>15 000</u>	<u>15 000</u>	<u>17 514</u>
Total revenue	<u>\$ 915 592</u>	<u>\$ 915 592</u>	<u>\$ 876 956</u>

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
EXPENDITURES			
Administrative			
Office Manager	\$ 36 100	\$ 36 100	\$ 36 255
Other personnel	7 000	7 000	
Billers	12 000	12 000	8 533
Payroll taxes	4 300	4 300	3 392
Fringe benefits	4 500	4 500	4 297
Office supplies	4 000	4 000	4 080
Postage	2 300	2 300	1 683
Audit and accounting	4 500	4 500	4 100
Legal	6 500	6 500	1 962
Insurance	74 200	74 200	88 098
Community promotions	1 000	1 000	40
Training	1 000	1 000	
Printing and publishing	1 000	1 000	88
Repair and maintenance	4 250	4 250	3 658
Collection fees	250	250	7 912
Miscellaneous	500	500	2 380
Capital outlay	7 000	7 000	1 695
Total administrative	170 400	170 400	168 173
Building and grounds			
Snow removal	5 000	5 000	4 451
Utilities	21 050	21 050	20 279
Repair and maintenance	9 200	9 200	6 317
Rent	2	2	
Miscellaneous	1 100	1 100	2 530
Capital outlay	4 000	4 000	
Total building and grounds	40 352	40 352	33 577

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
Communication			
Cellular phones	\$ 2 500	\$ 2 500	\$ 2 007
Cable/internet	860	860	800
Telephone	3 500	3 500	3 380
Maintenance and repair	3 000	3 000	1 591
Fees	7 000	7 000	1 340
Capital outlay	12 700	12 700	3 198
Total communication	29 560	29 560	12 316
Fire			
Chiefs and assistants	23 800	23 800	22 250
Personnel	53 920	53 920	52 146
Payroll taxes	6 800	6 800	6 104
Supplies	5 800	5 800	2 184
Uniforms	1 500	1 500	1 848
Gas and oil	6 200	6 200	4 926
Licenses and fees	450	450	640
Intergovernmental service fees	10 745	10 745	10 745
Training	14 300	14 300	9 936
Health exams	4 500	4 500	10
Community promotion	3 250	3 250	2 021
Equipment repair and maintenance	43 500	43 500	44 788
Lease	1	1	
Miscellaneous	1 400	1 400	1 656
Capital outlay	72 763	72 763	65 945
Total fire	248 929	248 929	225 199
Ambulance			
EMS Director	31 338	31 338	18 402
Personnel	297 500	297 500	224 877
Payroll taxes	23 213	23 213	18 472
Fringe benefits	38 000	38 000	14 526
Oxygen	1 200	1 200	1 708
Gas and oil	7 500	7 500	9 120
Laundry	500	500	660
Uniforms	3 600	3 600	2 444

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2007

	Original budget	Final budget	Actual
Ambulance (continued)			
Supplies	\$ 5 000	\$ 5 000	\$ 6 984
License and fees	1 000	1 000	1 964
Training	4 000	4 000	4 297
Health	500	500	180
Community promotion			48
Equipment repair and maintenance	9 000	9 000	12 809
Miscellaneous			3 380
Capital outlay	<u>4 000</u>	<u>4 000</u>	<u>6 869</u>
Total ambulance	<u>426 351</u>	<u>426 351</u>	<u>326 740</u>
Total expenditures	<u>\$ 915 592</u>	<u>\$ 915 592</u>	<u>\$ 766 005</u>

See accompanying notes to financial statements.